

**Payment Policies for Healthcare Services  
Provided to Injured Workers and Crime Victims**

# **Chapter 28: Supplies, Materials, and Bundled Services**

**Effective July 1, 2014**



**Link:** Look for possible **updates and corrections** to these payment policies at:

[www.Lni.wa.gov/ClaimsIns/Providers/Billing/FeeSched/2014/](http://www.Lni.wa.gov/ClaimsIns/Providers/Billing/FeeSched/2014/)



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## Definitions

- ▶ **Acquisition cost:** The acquisition cost equals:
  - The wholesale cost, *plus*
  - Shipping and handling, *plus*
  - Sales tax.
- ▶ **By report (BR):** A code listed in the fee schedule as “BR” doesn’t have an established fee because the service is too unusual, variable, or new. When billing for the code, the provider must provide a report that defines or describes the services or procedures. The insurer will determine an appropriate fee based on the report.



**Link:** For more information, see **WAC 296-20-01002**.

- ▶ **Bundled:** A bundled procedure code isn’t payable separately because its value is accounted for and included in the payment for other services. Bundled codes are identified in the fee schedules.

Pharmacy and DME providers can bill HCPCS codes listed as bundled in the fee schedules. This is because, for these provider types, there isn’t an office visit or a procedure into which supplies can be bundled.



**Link:** For the legal definition of “bundled,” see [WAC 296-20-01002](#).

- ▶ **HCPCS and local code modifiers mentioned in this chapter:**

**–NU New purchased DME**

Use the **–NU** modifier when a new DME item is to be purchased.

**–RR Rented DME**

Use the **–RR** modifier when DME is to be rented.

**–1S Surgical dressings for home use**

Bill the appropriate HCPCS code for each dressing item using this **modifier –1S** for each item. Use this modifier to bill for surgical dressing supplies dispensed for home use.

- ▶ **Primary surgical dressings:** Therapeutic or protective coverings directly applied to wounds or lesions on the skin or caused by an opening on the skin. These dressings include items such as:
  - Telfa, *and*
  - Adhesive strips for wound closure, *and*
  - Petroleum gauze.
- ▶ **Secondary surgical dressings:** Secondary surgical dressings serve a therapeutic or protective function and secure primary dressings. These dressings include items such as:
  - Adhesive tape, *and*
  - Roll gauze, *and*
  - Binders, *and*
  - Disposable compression material.
- ▶ **Supplies:** Supplies include, but aren't limited to:
  - Drugs administered in a provider's office, *and*
  - Medical and surgical supplies, *and*
  - Prefabricated orthotics.



## Payment policy: Acquisition cost policy

(See definition of **acquisition cost** in “Definitions” at the beginning of this chapter.)



**Note:** This policy doesn’t apply to hospital bills.



**Link:** For the “Hospital acquisition cost policy,” see the [Hospitals](#) chapter.

### ► Requirements for billing

#### Billing acquisition cost

The total acquisition cost should be billed as one charge. The acquisition cost equals:

- The wholesale cost, *plus*
- Shipping and handling, *plus*
- Sales tax.



**Note:** Supply codes without a fee listed will be paid at their acquisition cost.

Sales tax and shipping and handling charges aren’t paid separately and must be included in the total charge of the supply. An itemized statement showing net price (cost) plus tax may be attached to bills, but isn’t required.

#### Wholesale invoices

Providers must keep wholesale invoices for all supplies and materials in their office files for a minimum of 5 years.

A provider must submit a hard copy of the wholesale invoice to the insurer:

- When billing for a supply item that costs **\$150.00** or more, *or*
- Upon request.



**Note:** The insurer may delay payment of the provider’s bill if the insurer hasn’t received this information.



## Payment policy: Casting materials

### ► Services that can be billed

Bill for casting materials with HCPCS codes **Q4001-Q4051**.

### ► Services that aren't covered

No payment will be made for the use of a cast room. Use of a cast room is considered part of a provider's practice expense.



## Payment policy: Catheterization



**Link:** For more information about catheterization to obtain specimen(s) for lab tests, see the “Specimen collection and handling” payment policy in the [Pathology and Laboratory Services](#) chapter.

### ► Services that can be billed

Separate payment is allowed for placement of a temporary indwelling catheter when:

- Performed in a provider’s office, *and*
- Used to treat a temporary obstruction.

### ► Payment limits

Separate payment isn’t allowed when placement of a temporary indwelling catheter is performed:

- On the same day as a major surgical procedure, *or*
- During the postoperative period of a major surgical procedure that has a follow up period.



## Payment policy: Hot or cold therapy durable medical equipment (DME)



**Note:** This policy is identical to the “Hot or cold therapy DME” payment policy that appears in the [Durable Medical Equipment \(DME\)](#) chapter.

### ► Services that can be billed

Ice cap or collar (HCPCS code **A9273**) is payable for DME providers only and is **bundled** for all other provider types.

### ► Services that aren’t covered

Hot water bottles, heat and/or cold wraps aren’t covered.

Hot or cold therapy DME isn’t covered.

For example, heat devices for home use, including heating pads. These devices either aren’t covered or are **bundled**.



**Link:** For more information, see [WAC 296-20-1102](#).

### ► Payment limits

Application of hot or cold packs (CPT® code **97010**) is **bundled** for all providers.



**Note:** See definition of **bundled** in “Definitions” at the beginning of this chapter.



**Link:** For more information, see [Appendix A: Bundled Services](#), [Appendix B: Bundled Supplies](#), and [Appendix F: Non-covered Codes and Modifiers](#), as well as the payment policy for “Hot and cold therapy DME” in the [Durable Medical Equipment \(DME\)](#) chapter.



## Payment policy: Miscellaneous supplies

(See definition of **supplies** in “Definitions” at the beginning of this chapter.)

### ► Services that can be billed

HCPCS billing code **E1399** can be billed for a miscellaneous supply that meets both of these criteria:

- The supply (or DME item) doesn't have a valid HCPCS code assigned, *and*
- The item must be appropriate relative to the injury or type of treatment being received by the worker.

### ► Services that aren't covered

The insurer won't pay CPT® code **99070**, which represents miscellaneous supplies and materials provided by the provider.

### ► Requirements for billing

All bills for **E1399** items must have:

- Either the **–NU** or **–RR modifier**, *and*
- A description must be on the paper bill or in the remarks section of the electronic bill.

These specific miscellaneous supplies **must be billed** using HCPCS code **E1399**:

- Therapy putty and tubing, *and*
- Antivibration gloves.



## Payment policy: Services and supplies

(See definition of **supplies** in “Definitions” at the beginning of this chapter.)

### ► Requirements for billing

Services and supplies must be medically necessary and must be prescribed by an approved provider for the direct treatment of an accepted condition.

Providers must bill specific HCPCS or local codes for supplies and materials provided during an office visit or with other office services.

For covered medical and surgical supplies that pay **by report**, providers must bill their usual and customary fees.



**Note:** Also see “Payment limits” for **by report** medical and surgical supplies, below. See definition of **by report** in “Definitions” at the beginning of this chapter.



**Links:** For more information on billing “usual and customary” fees, see [WAC 296-20-010\(2\)](#).

To find out which codes pay **by report**, see the Medical and Surgical Supplies section of the Professional Services Fee Schedule, available at: [www.Feeschedules.Lni.wa.gov](http://www.Feeschedules.Lni.wa.gov).

### ► Services that aren’t covered

The insurer won’t pay CPT® code **99070**, which represents miscellaneous supplies and materials provided by the provider.

### ► Payment limits

Under the fee schedules, some services and supply items are considered **bundled** into the cost of other services (associated office visits or procedures) and won’t be paid separately. These include:

- Supplies used in the course of an office visit, *and*
- Fitting fees, which are **bundled** into the office visit or into the cost of any DME.

For medical and surgical supplies that pay **by report**, (**except E1399**), the insurer will pay **80%** of the billed charge.



**Note:** Also see “Requirements for billing” for **by report** medical and surgical supplies, above. See definition of **bundled** in “Definitions” at the beginning of this chapter.



**Link:** To see which billing codes are **bundled**, see L&I’s Professional Services Fee Schedule; in the dollar value column, such items show the word **bundled** (instead of a dollar amount). The fee schedule is available at: [www.Feeschedules.Lni.wa.gov](http://www.Feeschedules.Lni.wa.gov).

Also, lists of **bundled** services and supplies are available in: [Appendix A: Bundled Services](#) and [Appendix B: Bundled Supplies](#).



## Payment policy: Surgical dressings dispensed for home use

(See definitions of **primary surgical dressings** and **secondary surgical dressings** in “Definitions” at the beginning of this chapter.)

### ► Requirements for billing

Providers must bill the appropriate HCPCS code for each dressing item, along with the local billing code **modifier –1S** for each item.

### ► Payment limits

**Primary surgical dressings** and **secondary surgical dressings** dispensed for home use are payable at **acquisition cost** when all of these conditions are met:

- They are dispensed to a patient for home care of a wound, *and*
- They are medically necessary, *and*
- The wound is due to an accepted work related condition.



**Note:** See definition of **acquisition cost** in “Definitions” at the beginning of this chapter, and also the payment policy for “Acquisition cost policy” earlier in this chapter.

The cost for surgical dressings applied during a procedure, office visit, or clinic visit is included in the practice expense component of the RVU (overhead) for that provider. Separate payment isn’t allowed.

Items such as elastic stockings, support hose, and pressure garments aren’t secondary surgical dressings and must be billed with the appropriate HCPCS code.

Surgical dressing supplies and codes billed without the **local modifier –1S** are considered **bundled** and won’t be paid.



**Note:** See definition of **bundled** in “Definitions” at the beginning of this chapter.



## Payment policy: Surgical trays and supplies used in the physician's office

### ► Payment limits

L&I follows CMS's policy of **bundling** HCPCS codes for surgical trays and supplies used in a physician's office. Surgical trays and supplies won't be paid separately.



**Note:** See definition of **bundled** in "Definitions" at the beginning of this chapter.



## Links: Related topics

If you're looking for more information about...	Then go here:
<b>Administrative rules</b> (Washington state laws) for topics relevant to this chapter	Washington Administrative Code (WAC) 296-20-1102: <a href="http://apps.leg.wa.gov/wac/default.aspx?cite=296-20-1102">http://apps.leg.wa.gov/wac/default.aspx?cite=296-20-1102</a> WAC 296-20-01002: <a href="http://apps.leg.wa.gov/wac/default.aspx?cite=296-20-01002">http://apps.leg.wa.gov/wac/default.aspx?cite=296-20-01002</a>
<b>Becoming an L&amp;I provider</b>	L&I's website: <a href="http://www.Lni.wa.gov/ClaimsIns/Providers/Becoming/">www.Lni.wa.gov/ClaimsIns/Providers/Becoming/</a>
<b>Billing</b> instructions and forms	Chapter 2: <a href="#">Information for All Providers</a>
<b>Fee schedules</b> for all healthcare facility services (including ASCs)	L&I's website: <a href="http://www.Feeschedules.Lni.wa.gov">www.Feeschedules.Lni.wa.gov</a>
Lists of <b>bundled services and supplies</b>	<a href="#">Appendix A: Bundled Services</a> <a href="#">Appendix B: Bundled Supplies</a>
Payment policies for <b>catheterization to obtain specimens for lab tests</b>	Chapter 22: <a href="#">Pathology and Laboratory Services</a>
Payment policies for <b>durable medical equipment (DME)</b>	Chapter 9: <a href="#">Durable Medical Equipment</a>
Payment policies for <b>hospital acquisition cost policy</b>	Chapter 35: <a href="#">Hospitals</a>

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